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NPTA MANAGEMENT NEWS DECEMBER 1984

MN

The Computerization of the Industry: A Status Report

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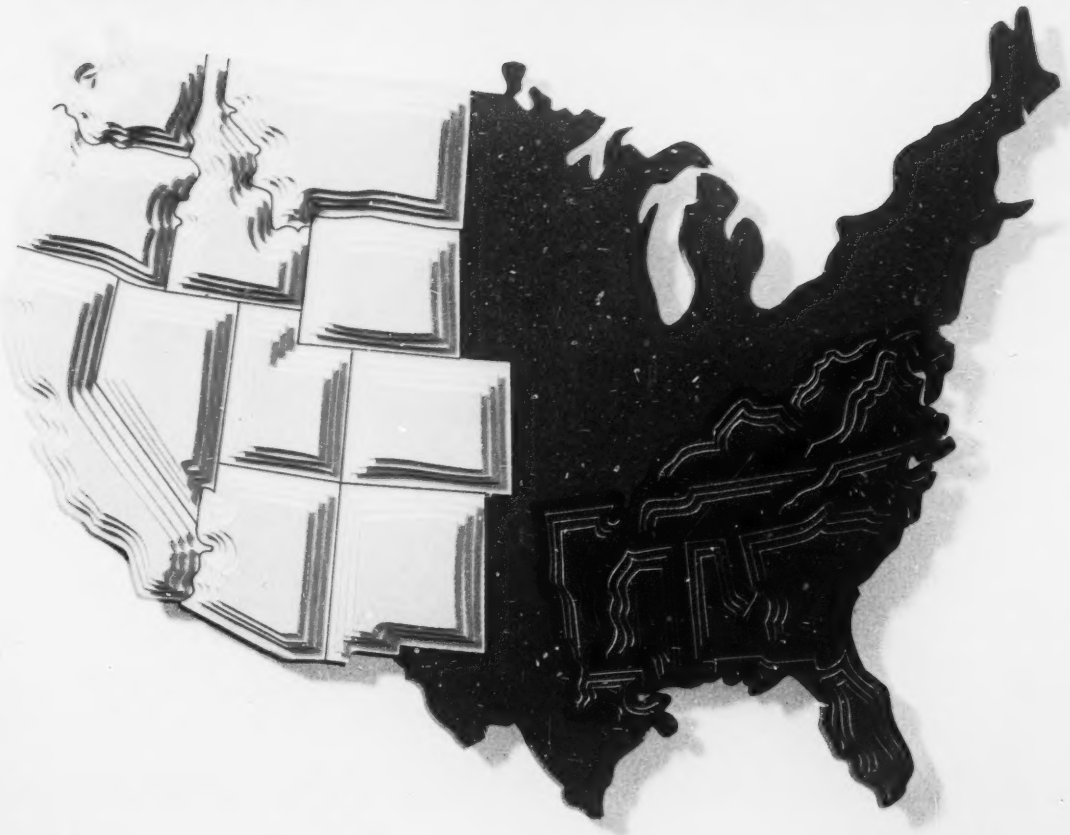
NATIONALREGIONALITY



There is a new printing paper distribution group in the industry, one with **national-regionality**—the service orientation and responsiveness of a regional distributor backed by the resources and continuity of a national organization. It's new, and it's one hundred-and-fourteen years old. It's the Printing Paper Unit of the Crown Zellerbach Distribution Group, and it's steeped in the tradition of good service, integrity and value that is the Crown Zellerbach name.

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GNN BUYS CHATFIELD

Great Northern Nekoosa has reached an agreement to acquire Chatfield Paper Company, North Haven, CT. Chatfield will become part of Butler Paper Company, a division of GNN.

Chatfield has been serving New England for over 112 years, has three outlets, 150 employees and has sales of approximately $50 million annually. The acquisitions of Chatfield represents significant growth for Butler which currently serves the western two-thirds of the United States. F.G. Walker, president of Butler, said that "Chatfield marks an important growth step for Butler in the Eastern United States." He also announced that Alan E. Lang will continue to serve as president of Chatfield but will also become vice president-Eastern Region for Butler.

MANUFACTURERS REPORT THIRD QUARTER GAINS

It is clear now that paper manufacturers are riding high on the economic recovery as their plants reach full capacity. Most are reporting that the third quarter of 1984 is up significantly from the same period a year ago.

Champion International's third quarter showed net income to $40 million—up 64% from the $25 million reported for the same period the year before. Third quarter net sales were fixed at $1 billion—equal to the sales level for that quarter of 1983.

St. Regis had revenues rise 13% to $835 million in the third quarter, while net earnings more than doubled to nearly $50 million. The 1983 period had net income fixed at just over $19 million.

Scott Paper Company reported that its third quarter net income increased 39% to just over $50 million, compared with $36 million for the same period a year earlier. Sales of $628 million were running 3% ahead of the third quarter of 1983, but could be seen as 9% ahead of last year when adjusting for the divestitures of the Brown Jordan and the Foam divisions.

Great Northern Nekoosa reported that its third quarter 1984 was a record: net income of $31 million on sales of $472 was an increase of 84% from 1983 figures.

The company also reported that sales by business segment, for paper converting and distribution, was $154 million—up 19% from the $129 million reported for the same period a year earlier. Operating income for the segment was fixed at almost $9 million—an increase of 43%.

Louisiana Pacific announced that its quarter was 58% higher on a 14% sales increase over the corresponding quarter a year ago. Sales were $313 million for the third quarter 1984, earnings were $7 million.

Pentair saw sales increase 94% from the same period in 1983 to $142 million. Net income was up 77% to $5 million.

WILL MAINE'S FOREST PRODUCTS INDUSTRY SURVIVE?

The most heavily forested state in the Union, Maine, is also the state facing the most serious threat to its paper industry: a shortage of trees. State authorities predict that within 35 years, fewer than 5% of the state's trees will be suitable for industry.

Maine's economy is heavily dependent on its forest products industry. According to a recent *New York Times* article, this one industry fuels 43% of the state's manufacturing output. Although increased demand for paper and wood products has placed a greater burden on Maine's forests, a large drain on forest reserves has been the budworm. 15 million cords of softwood trees have been killed in the past 10 years. That is equal to a loss of five years' harvest.

The largest paper producer in Maine is Great Northern which owns 10% of the state's forests. While the government is working to control the budworm, Great Northern is putting $1 million into a pilot project that will use more hardwoods for pulp, thus alleviating some of the burden on Maine's softwood forests.

BM&T PAPER SPECTACULAR A SUCCESS

On October 4, 1984, Blake, Moffitt & Towne turned San Francisco's Giftcenter Pavilion into a Paper Spectacular that has become an annual event. Attendance by specifiers and buyers of printing was over 1200. The 36 winning entries in the Mead Annual Report competition were viewed by participants as well as displays by other paper manufacturers and Bay Area printing craftsmen were shown.

PEOPLE IN THE NEWS

Jack J. Mueller has been named president of The Mellocraft Company of Toledo, OH. Mellocraft is part of the CDA Distributors Division of the Hammermill Paper Company.

Jim Travis has been appointed sales manager at Mead Merchants, Indianapolis, IN. **Jim French** has become sales promotion manager of the company's Columbus, OH operation.

Thomas Chad, executive director of the National Paper Marketing Council of Australia, passed away. Mr. **H.G. Kraefft** has

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become the new executive director of the association.

Jim Ronza has been named corporate credit manager of the Monarch Paper Company, Houston, TX. **Virgil Klint** has become the Houston distribution center manager, and **Sam Grant** was named customer services manager.

Charles V. Morris, retired vice president of Saxon Industries, passed away at the age of 75.

Jon W. Warner, Jr. has been elected president of Gulf States Paper Corporation.

Edward J. McMahon has retired as president and chief operating officer of St. Regis Corporation.

PAPER USE STILL ON THE RISE

In 1984, the number of pieces of paper processed by businesses hit 1,400,000,000,000 (1.4 trillion). That is up 65% in only three years. The amount of cut size paper sold between 1973-83 doubled to reach 4 billion pounds last year. Although computers are storing more data, backup is still on paper. This may change in the future when optical and laser disks become more prevalent and reliable, but for the time being, paper use is growing stronger.

RECORD START UP ACHIEVED BY WEYERHAEUSER

Weyerhaeuser's lightweight coated mill in Columbus, MS reached full capacity last August after less than 24 months on-line. "During August," stated Keith Lamb, Weyerhaeuser vice president, "our Columbus team manufactured an average 516 tons of prime grade paper per day. This level of sustained production exceeds the mill's full rated capacity of 500 tons per day."

Lamb was quoted in an October article appearing in *Pulp & Paper* magazine that also noted that approximately two-thirds of the mill's production force had no previous pulp or paper making experience.

API SUMMARIZES WAGE NEGOTIATIONS AT MILLS

The American Paper Institute (API) reported that in 1984 thus far, mills have negotiated one to four year agreements with workers. Since January 1, eight mills have developed one year agreements; 24, two year agreements; 68, three year agreements; and, two, four year agreements.

With regard to first-year wage increases, 102 mills, representing 41,359 workers had an average wage increase of 3.9%. This is compared with a 5.5% increase for the same period in 1983.

SEALED AIR OPENS NEW FACILITY

Hodgkins, IL, a Chicago suburb, is now the home of the new Sealed Air facility that combines manufacturing and sales. The plant is 105,000 square feet and is designed to service the midwest area better.

This facility brings together under one roof Sealed Air's north central regional sales office (formerly in Oak Brook Terrace, IL) and a manufacturing plant that was located in Chicago. Sales and technical sales support functions will be expanded as well as the modernization of the company's midwestern packaging laboratory that offers computerized package design and evaluation services to customers at no charge.

INSTANT BOOKS

Computers and electronics have allowed publishers to trim more and more time from their already tight production schedules. Recently, two books about Geraldine Ferraro were a case in point. According to *Quick Printing* magazine, from the time the manuscripts were submitted to JKS Publications until the moment the finished books were in the hands of distributors was *one week*. That included all typesetting, composition, artwork, printing and binding of each 200 page book. Not bad!

Lasher (L) and Schefkind wade through a sea of papers to acquire Fonda.

SAXON SELLS FONDA TO PRIVATE GROUP

A group of private investors has acquired the Fonda Cup & Container Division from Saxon Industries, Inc. The transaction was handled as a cash sale for $17,755,000, which is subject to final audit.

The Fonda Group, Inc., as the company is now named under its new ownership, is a nationwide manufacturer and supplier of disposable paper products, including cups, plates, trays, cans and food pails, for both consumer and institutional food use. Fonda's annual sales are approximately $60 million. The company has 600 employees. The new ownership includes Albert C. Lasher, chairman and chief executive officer and Ronald E. Schefkind, president and chief operating officer.

AMERICAN JOINS NPTA

The NPTA welcomes the American Paper Company of Madison Heights, MI as its newest member. The corporation, established in 1969, is a printing paper merchant with a 14,500 sq. ft. warehouse and 19 employees. David H. Hauser is the president and treasurer, Bernard K. Irwin is executive vice president and Robert A. Wheeler is office manager.

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PRINTING PAPERS

PRINTER INCOME IS UP 21% REPORTS PIA

21.27% up to be exact! According to the Printing Industries of America (PIA) annual Financial Ratio Study of their membership, this increase far exceeds the 7.09% increase in income reported by printers a year ago.

PIA attributes the healthy rise in part to the economic rebound, but also states that "improved management" has added to printers' profits. William A. Rose, the association's director of financial services, said "The study shows that firms in our industry have become much more cost-efficient. It's clear that printing firms have enhanced their profitability through better management of assets."

The full report is published in 14 volumes; each costs $90 to non-members of PIA. For more specifics, contact: William Rose at PIA headquarters at 703-841-8100.

FLEXO IS BIGGER THAN EVER

The results are in from the third Flexo Plant Survey conducted by the Flexographic Technical Association. Flexo is expanding and is now being used more frequently to print on paper.

The market size of flexographically printed or converted products in the United States is nearly $30 billion. And according to the survey, a large percentage of flexo printers are involved in two or more market areas (for example, label printers may also be doing commercial printing).

The industry views itself as in a growth mode. Capital expenditure is foreseen by most companies within the next three years. As a matter of fact, almost 46% of presses are 10 or more years old and only 26% are 5 years old or newer.

SAMPLING KITS FOR PRINTERS DEVELOPED BY NPTA

Unveiled for the first time at NPTA's Annual Convention, the Quality Sampling Kit combines all the necessary elements needed to capture important data. "The manufacture of this kit represents the final part of our work in the area of printers' quality concerns," stated Richard W. Abrams, CEO of West Coast Paper Company and first vice chairman of NPTA. "The Printing Paper Division began looking at customer needs in this area two years ago and we now have a complete system for data collection."

The development of the Printing Paper Division's project was supported by the National Association of Printers and Lithographers, Printing Industries of America and the National Association of Printing Ink Manufacturers. These groups, plus the input of 35 printing paper manufacturers and many merchants, gave NPTA the needed information about quality concerns and how each group wanted to see problems handled.

The system recommended by NPTA involves the capturing of all important data when an ink on paper problem is encountered at a printing plant. The "Quality Report" is a detailed, but easy to use form. It allows the printer, paper salesperson or others to get those details down on paper before essential data is lost to time.

The Quality Sampling Kit is the second step. Although sampling procedures are listed on the back of the Quality Report Form, the kit gives anyone taking the samples the tools needed to get the right material to substantiate the problem. Lists of directions for taking samples are included in the kit and are printed on pressure sensitive stock. The Printing Paper Division Committee suggests printers stick one on the pressroom wall.

There are one and one-half ounce canisters for taking ink samples and four ounce poly-bottles used for holding fountain samples. (These sizes were recommended by the National Association of Printing Ink Manufacturers.) Also included is a roll of clear tape in a dispenser for taping the blanket and a number of clear acetate sheets for holding those tape samples. A sheet of pressure sensitive labels is in the kit for marking samples taken. All is packed in an attractive 10 x 4 x 3 inch box with a two-color cover.

Quality Sampling Kits are available from NPTA at $7.00 each or $94.00 for a lot of 25 (shipping costs are included in the price). Contact the NPTA Communications Department to place orders.

INDUSTRIAL PAPER

NEW STUDY VALIDATES "MORE SANITARY" CLAIM OF SINGLE SERVICE DISPOSABLES

The Single Service Institute reports that a new study soon to be completed by researchers at the Universities of Virginia and Wisconsin contains additional evidence that suggests that many viruses (that cause the common cold) are spread mainly by hand contamination and less by coughing or sneezing. The study contends that a cold sufferer may contaminate his hands while blowing his nose or sneezing. He then transfer the hardy organisms by touching others or household objects where the viruses may live for hours or days.

These findings strengthen claims by single service manufacturers that food service as well as other single service items such as sugar, salt and other condiment packets are more sanitary. The additional handling that reusables receive from dishwasher operators (assuming that the dishwasher has effectively eliminated viruses deposited on utensils by diners themselves) leaves these reusables liable to contamination with cold viruses that may then be picked up by diners. Full and final results of the study are to be published shortly.

TISSUE MANUFACTURERS EMBARK ON NEW MARKETING DIRECTIONS

According to a recent article published in the *New York Times* "Business Section," makers of facial & bathroom tissue are aiming to increase their current consumer and industrial market share by producing and promising additional properties to their products.

Procter and Gamble has introduced a product to be called "Special Touch by Puffs." The product, a facial tissue, that is treated with lotion, shares the same name as their premium priced Puffs. P&G has also been testing a lotion-treated toilet tissue called Certain which they say has not yet met with any great success.

The Scott Paper Company is also testing these same kinds of products. One called Sofkins is a cleansing wipe and is much like their Baby Fresh product. Kimberly-Clark Corp., that manufactures Kleenex, has begun testing a product named "Avert Viralcidal Tissue" on a limited basis. This facial tissue is treated with antiviral medication.

According to the article, prospects for these products range from extremely promising to dismal. These product introductions reflect a trend on the part of manufacturers to take advantage of what they feel is consumer interest in higher priced, quality products.

The current strategy is to sell more of a familiar product by adding novel features. For distributors, these products may well represent new business in the areas of nursing homes, hospitals, schools and other institutional business as well as hotel and "executive suite" business.

George Adler, an analyst with Smith, Barney, Harris, Upham & Company has stated that "it's a way of segmenting the market by offering new products to improve both sales and profit margins." But manufacturers' representatives have chosen instead to claim that rather than it being merely a new marketing technique, they now are offering better and more useful products to both the industry and the consumer.

With the economy improving, the industry is now searching for products that can regain lost ground and become new high-profit makers. These new products are being promoted as being superior to the current premium brands and as a result manufacturers feel they deserve to be higher priced.

Mr. Adler went on to state that the trend toward "softer" was over and that, "...in the '70's, and in the period between 1980 and 1982 consumers traded down instead of up."

Figures compiled by Mr. Adler showed that private label and generic facial tissue captured about 25% of the market by 1980, from what was estimated to be a 10-15% in the mid-1970's. By the end of last year that share seems to have dropped a bit to 21%.

Whether the enhanced tissue products will catch on remains a question. Treated bathroom tissue has been tried on and off with little success since 1857. That is when Gayety's medicated paper was introduced (20 years prior to the idea of indoor plumbing in the home).

The problems with these new products seem to indicate little hope now for their wide-range acceptance. Procter & Gamble's Certain, which is priced about 10¢ more a roll (wholesale) than its premium Charmin, has only 200 single-ply sheets—50% less than the single-ply Charmin. The product has had two transformations since its testing began three years ago. The first version was judged "too oily," the second appeared to be dry and slightly powdery. Analysts have stated that the product is now being offered in only 1.9% of the country—far less than the norm for other products which reached far more areas in less time.

The jury is still out on Scott's Sofkins, a product in a single-sheet dispenser meant to be used with bathroom tissue. But products that combined facets of Certain and Sofkins were tested in the 1970's and never went any further. The International Playtex Corporation and American Can Company both unsuccessfully tried out products such as these.

Sofkins are wet to the touch, a quality that analysts say has proved unpopular. Scott has addressed the dispenser problem by offering a plastic hanger that attaches to the bottom of conventional bathroom roll holders.

Of all the new products, analysts generally say the most promising is Kimberly-Clark's facial tissue Avert, now in test markets. The company says its product helps stop the spread of colds.

Kimberly-Clark, which leads the industry with its Kleenex brand, developed Avert in conjunction with the University of Wisconsin at Madison. Research carried out there found that the tissue, treated with citric acid, malic acid and sodium lauryl sulfate, effectively killed the rhinovirus, considered a leading cause of common colds.

"It will not cure your cold," said Ron Goodrow, a spokesman for Kimberly-Clark, "but it will kill those viruses that cause colds to spread."

The three-ply Avert has antiviral agents sandwiched between the layers. The package contains 60 tissues, a quantity based on industry findings that on average, 60 tissues are used during the course of a cold. It will retail at about two to three times the per-sheet price of regular Kleenex.

CORNELL STUDY ENDORSES DISPOSABLES FOR MICROWAVE USE

An additional strong endorsement for disposables comes from a recent press release from Cornell University which states: "Modern cooks soon may be popping casseroles, custards, and cakes into disposable paper, plastic and foam containers for baking in microwave ovens. By the 1990's, metal and glass cookware may be gathering dust in homes where microwave ovens are used."

This should help distributors in making their case to institutional food services and vending "self-serve" food programs in institutions and work places. As the growth in usage of the microwave increases in many applications, it should bring with it an increase in sales of disposable food containers and thus increases industrial paper distribution sales in the area.

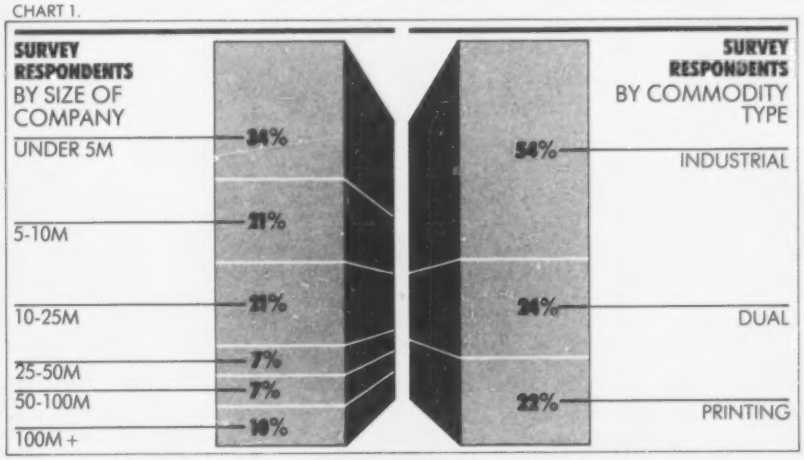
THE COMPUTERIZATION OF THE INDU

The National Paper Trade Association conducted a survey to determine the degree of computerization that currently exists in the paper distribution industry. The membership of the Association represents approximately 70% of the total volume of paper and allied products that flows through distributors nationally. This is the pool that was sampled for NPTA's annual status report on the computerization of the paper trade.

The survey was mailed to 535 member company presidents in September, 1984. (See Chart #1). They were asked to respond to specific questions regarding hardware, software, computerized functions, EDP expenses and specific issues of importance. 170 useable forms were returned representing a 32% response rate. This rate, nearly one-third of all those polled, is significant and provides meaningful data on the industry's use of computers.

The Association tabulated the responses and presents them here as a guide to those interested in the impact computers have had on the paper distribution industry. A short survey can, in no way, be the definitive word on computerization. NPTA does not wish to have readers use this survey as a recommendation for the purchase of hardware and/or software. The purpose of this report is only to provide readers with the best available information on the subject.

CHART 1.



A visit to an applicance store tells the tale. Walking up and down the rows of refrigerators, stoves, microwave ovens and dish washers catches the salesman's attention. He says, "...and this baby is totally computer controlled. It remembers how you like your roast beef cooked, it has an atomic clock accurate to one-millionth of a second and will call you by name when dinner is ready." Hallelujah! Finally, a product that everyone really needs.

Computers and microprocessors are everywhere. It was not so long ago that one could actually find a car that didn't have integrated circuits, airplanes being flown without computers, clocks that had hands, and paper merchants doing business without terminals. Today, one must look hard to find these.

As a matter of fact, a recent survey of the paper distribution industry conducted by the National Paper Trade Association on the status of computerization of the paper trade revealed that 89% of respondents were using computerization in some form: 77% their own equipment, 12% service bureaus. (See Chart #2). Of the remaining 11% not computerized, nine out of 10 *will be* in the next 18 months. It is interesting to note that a significantly higher percentage of printing paper merchants are using service bureaus—two-to-one compared with dual merchant houses and three-to-one over industrial distributors. 82% of industrial paper merchants, on the other hand, are using their own computer compared with 75% of printing houses and 79% of duals.

Computerized Functions

Paper merchants surveyed said that accounts payable/receivable was their most important computerized function. This was followed closely by inventory management and thirdly, sales/marketing information. Order entry was also seen as a necessary part of their computer application profile.

"There is a cycle to the purchasing of paper, paying for it, warehousing it, selling it, collecting payment from the customer and then analyzing the sales result," said Paul Ruffing, assistant treasurer of The Cincinnati Cordage and Paper Company. When asked recently about the significance of this cycle of functions to paper merchants considering computerization, he said, "You may not be able to jump into computerization and do everything at once, but merchants should think of it as a cycle, an overall system, and work toward that end."

Data Processing Expense

Computers have increased productivity at a lower cost than processing information by hand. Everyone knows this, but what are paper merchants spending on their total data processing operation? The NPTA survey revealed that most paper distributors are spending less than 1% of net sales on EDP. (See Chart #3).

Data processing expense was defined for this

STRY: A STATUS REPORT

survey as all payroll costs and overhead, etc. Those surveyed were asked to exclude the cost of all hardware purchases.

62% of those responding to the survey are spending 1% or less of net sales on EDP and 86% are spending less than 2% of net sales on EDP expenses. 89% of industrial merchants, 84% of printing and 62% of dual merchants had expenses that were 2% of net sales or less. It is significant that dual merchants were spending more. 38% of all dual paper merchants spent more than 2% of net sales on EDP, while 16% of printing and only 11% of industrial merchants had EDP expenses in excess of 2%.

Some merchants have found EDP expenses to be a necessary part of holding the line on personnel costs. Alan E. Lang, president of The Chatfield Paper Company of North Haven, CT said, "As far as the cost is concerned, sure we're cost conscious, but I believe that by spending money for upgrading our EDP we are going to hold down the addition of new employees. That means we will be able to handle more business with the same number of employees."

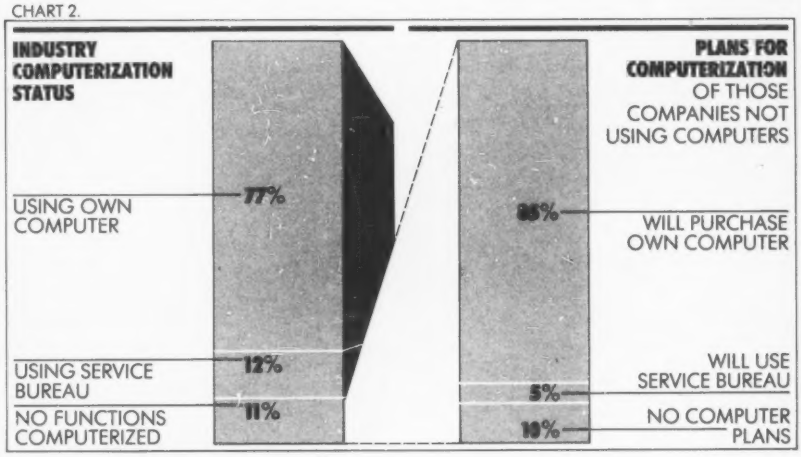
When looking at EDP expense by company size, the statistics are fairly uniform. The following is a breakdown for those companies spending 2% or less of net sales on EDP:

Under $5 million	86%
$5-10 million	94%
$10-25 million	82%
$25-50 million	92%
$50-100 million	92%
$100+ million	73%

The revealing statistic here is that the largest companies are spending significantly more on data processing. There is at least one good reason for this reports A. Boyden Henley, Jr., president and CEO of Henley Paper Company, Greensboro, NC. "The Communications expense for multi-branch operations is a significant cost factor. We will have six houses on stream which is costly, but the expense of the additional hardware and software necessary to run the communications program can not be overlooked."

1984 EDP expenses showed increases over the year before. (See Chart #4). 59% of the merchants surveyed expect that their year will finish out with as much as a 5% increase in EDP expense. 14% stated it would probably be 5-10% and surprisingly 26% expect no increase or a decrease. Also worth noting is that 27% of those surveyed reported that their 1984 EDP expenses will probably represent an increase of as much as 10 to 30% or even more. For many, 1984 was a year of software development, expansion of EDP departments, etc.

CHART 2.



When paper merchants were asked to *predict* their total 1985 EDP expenses compared with 1984, the results were much the same as 1984 over 1983. This shows a steady increase in computerization expense in the paper distribution industry.

New Efforts in Computerization

Paper merchants, whether presently computerized or not, *will* be purchasing new hardware for the next 18 months. 60% of those responding will be looking for new equipment. One merchant cautioned "If you are enhancing or upgrading your system, make sure you have good programming, documentation and do a lot of testing." New equipment does not automatically solve problems.

Merchants were asked to list their most important computer-related concerns for the next

CHART 3.

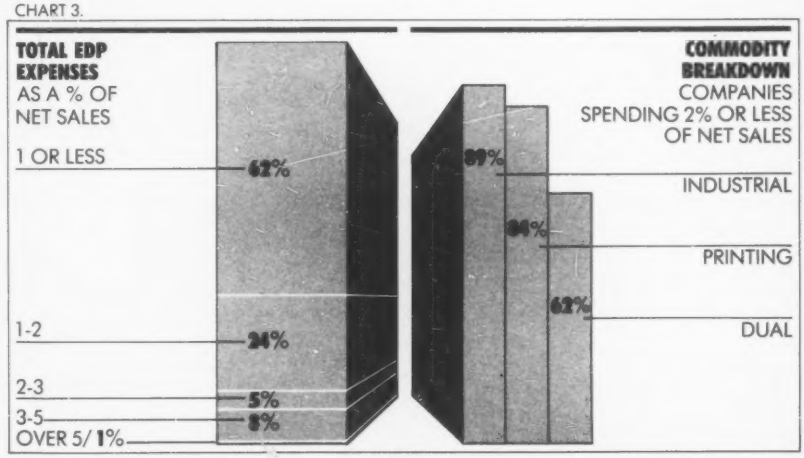


CHART 4.

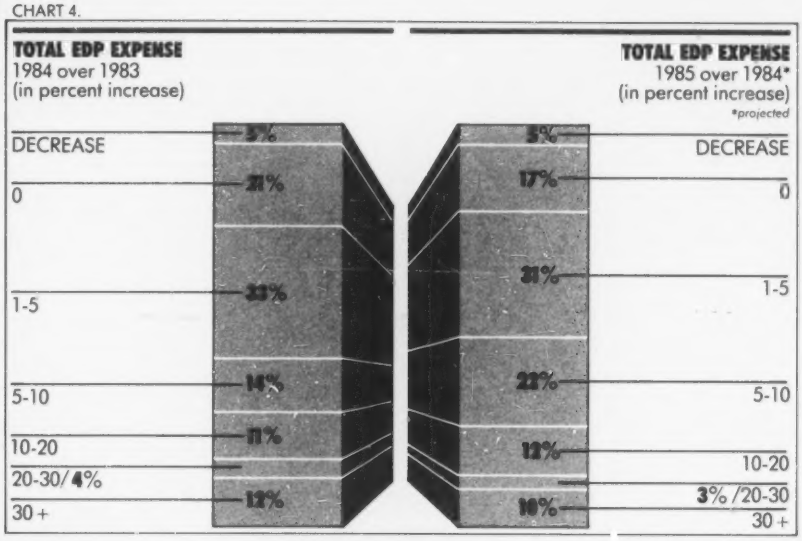


CHART 5.

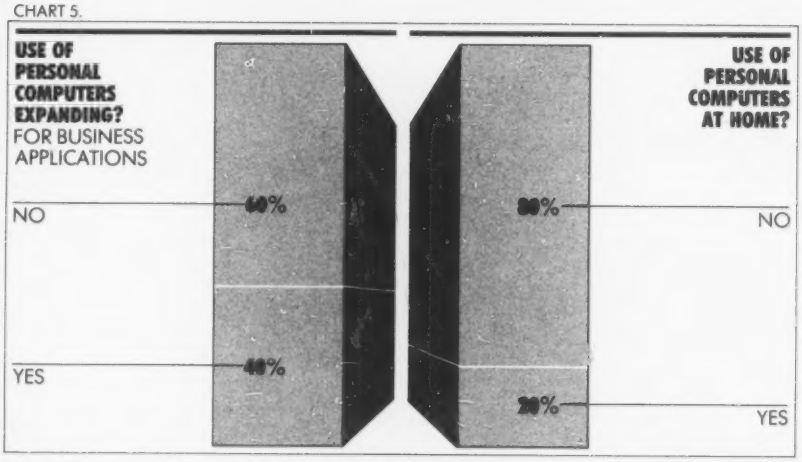
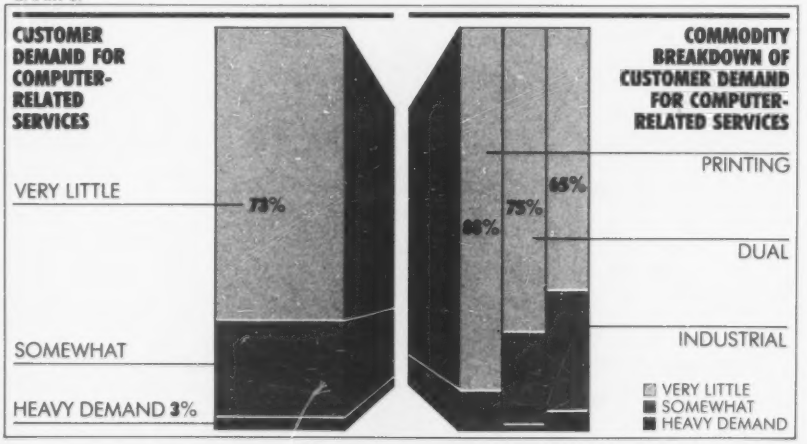


CHART 6.



18 months. For both printing and industrial paper firms, inventory, order entry and sales/marketing information topped the list. Dual merchants agreed that inventory management and order entry were important, but right near the top for them was hardware decisions. They included in that system upgrades, memory expansion and system design and refinements.

Industrial paper merchants were seen as a bit more inclined to purchase new hardware in the next 18 months. 64% reported that they would compared with only 54% of printing paper merchants and 58% of dual distributors.

The industry is not static. It is clear from the survey that many are seeking new ways to improve productivity. The computerization of merchant operations at the present may be the most dynamic part of the paper trade.

Personal Computers

When paper merchants were polled about their use of personal computers for business applications, surprisingly 60% reported that their use of PCs was *not* expanding. (See Chart #5). Of those using personal computers for business, about one-third said they were being used by senior management while only one in 10 were being used by salespeople.

Functionally, PCs are being used for forecasting and departmental budgeting. The use of personal computers at home for business purposes is not great. Only one out of five merchant houses that have PCs are using them at home.

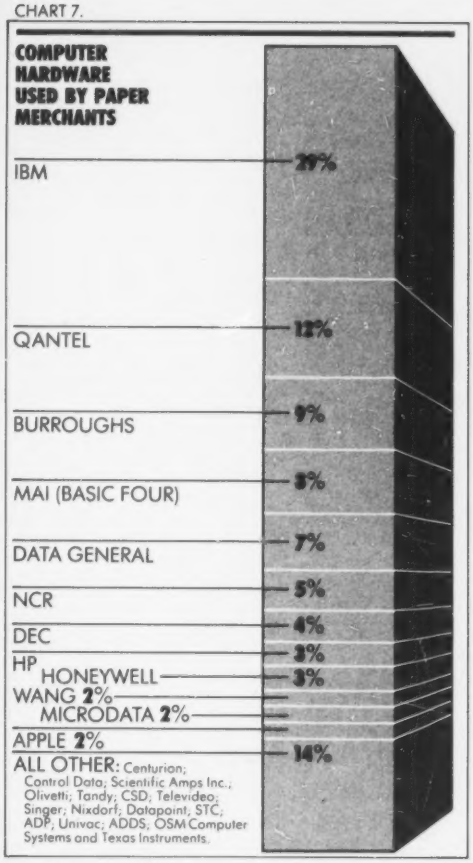
Customer Service

Paper merchants were asked if their customers were looking for more information from the merchants' computers. About three-fourths of all survey respondents reported that their customers were demanding very little additional information; 24% said somewhat more was being expected of them. (See Chart #6). Industrial merchants found demand a bit heavier for information than the other groups while printing paper merchants reported it to be lowest.

But some merchants are experimenting with electronic data interchange. Work is currently being done to link merchants with their suppliers; some merchants are trying a link-up with their best customers. Inter City Papers Limited in Canada has a number of terminals located at customers' shops. These purchasers can check Inter City's inventory and order paper at any time.

"It's still in the experimental stages," reports Jeff Chipman, president of Inter City. "A

CHART 7.



significant number of transactions must be run through this system before we can evaluate its impact on the inside order desk. The economics, at this point, are questionable. Instead of our company carrying the expense of placing the computer terminal with the customer, the answer may be an interface with the customer's own computer. We are looking at this whole enterprise in light of its value to the customer," Chipman said.

Hardware Data

When asked what hardware paper merchants are using, the clear choice was IBM. Qantel was second followed by Burrows, MAI (Basic Four) and Data General. (See Chart #7).

When hardware choice was reviewed by commodity type, IBM was still the number one company supplying computers to the paper distribution industry. A close second for industrial houses was Qantel, but Burroughs and Data General tied for second for printing paper firms. DEC, NCR and Burroughs all tied for second place for dual paper merchants.

A Computerization Resource
Arthur Andersen Company
1717 East 9th Street, Suite 1600
Cleveland, OH 44114
216-781-2140
Contact: Karl Newkirk

Computer Conference Exhibitor

Decision Support System "DSS" for the paper merchant—a microcomputer based prototype model.

CPI, Inc.
P.O. Box 188
Colts Neck, NJ 07722
201-462-8900
Contact: Philip Strum

Computer Conference Exhibitor
1984 Convention Exhibitor

The CPI Paper Management Information System is on-line, interactive and user-friendly with complete inquiry capability at all user levels. It is designed for all aspects of the paper industry. It was created by industry experts to handle all processing requirements as well as management reporting.

Computerworks, Inc.
2821 Northup Way
Bellevue, WA 98004
206-828-6786
Contact: John Evens

Advertise in *MN*
Computer Conference Exhibitor
1984 Convention Exhibitor

Computerworks has computerized solutions to the total accounting and information processing needs of the wholesale paper merchant. Fully tested and installed. Integrated and interactive using DEC VAX or 11/70 computer hardware. Multi-user, multi-warehouse, even multi-company. True inventory management, reduced stock-outs, increased turns, higher service levels, better inventory investment decisions.

Hewlett Packard
333 Logue Avenue
Mountain View, CA 94043
415-968-9200
Contact: Phil Johnson

Advertiser in *MN*
Computer Conference Exhibitor
1984 Convention Exhibitor

Hewlett Packard Company's SFD/3000 is a complete computerized solution for the paper distributor. It is a fully integrated, real-time system comprised of modules for sales order entry, accounts receivable, inventory management, purchase order entry, accounts payable and general ledger. The solution is user-customizable and utilizes HP's experience and highly successful HP 3000 computer line.

The Lockwood Association
P.O. Box 17326
San Antonio, TX 78217
512-874-1439
Contact: David Mayers

Advertiser in *MN*
Computer Conference Exhibitor
1984 Convention Exhibitor

The Lockwood Association, Inc. is an application software house specializing in an Automated Paper Distribution System. This APDS system is a fully integrated data processing system with inventory control and order processing to purchasing to accounts payable, payroll and general ledger. The APDS package runs on an NCR 9300 computer, an on-line interactive computer system which features the only true 32-bit VLSI processor chip in the industry today.

Scientific Computers, Inc.
10101 Bred Road E.
Minnetonka, MN 55343
612-933-4200
Contact: Al Pagalz

Advertiser in *MN*
Computer Conference Exhibitor
1984 Convention Exhibitor

Special paper merchant needs require special hardware and software. Scientific Computers, Inc. has a computerized Price Book Publishing System designed for the paper distribution industry. The computer managed data base is used to drive either typesetting units or laser printers.

Structured Computer Systems
17 Talcott Notch Road
Farmington, CT 06032
203-677-0222
Contact: Jerry O'Connel

Advertiser in *MN*
Computer Conference Exhibitor
1984 Convention Exhibitor

Wang Laboratories has entered the paper distribution market with its new Excalibur system for the large paper merchant operation. The software that drives the system was developed by Structured Computer Systems. The hardware used with Excalibur is Wang's VS/100 Supermini Computer.

Synergistic Group
11 Montebello Way
Los Gatos, CA 95030
408-395-2508
Contact: Roberta Mandell

Computer Conference Exhibitor

The MBS Presidential Business Planning Package has been developed by the Synergistic Group. The Package provides the means to do business planning and yields correct action-based reports on the computer.

Standard Paper Software Marketing Corp.
180 Lyman Street
Springfield, MA 01103
413-736-1000
Contact: Ed Mazer

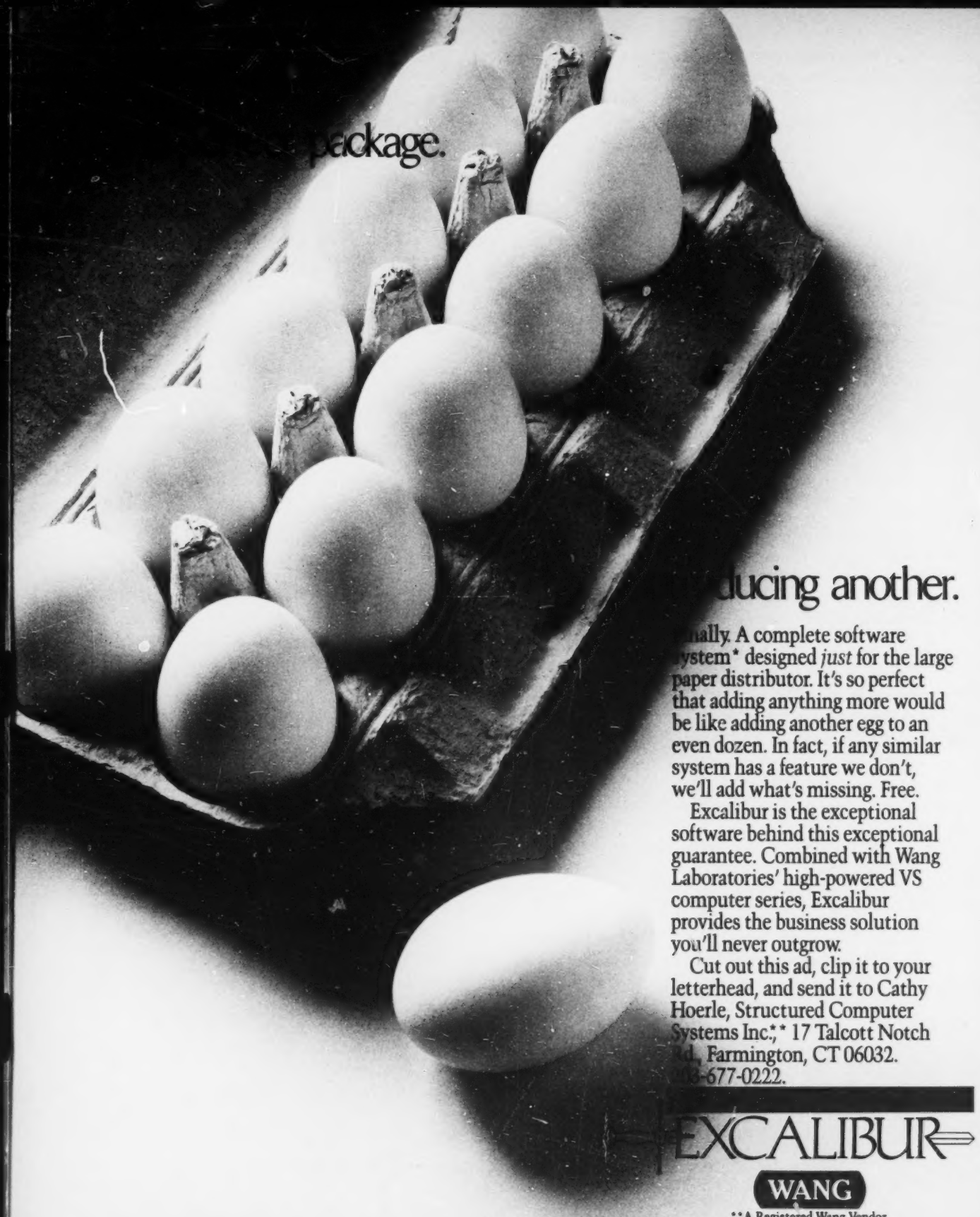
Advertiser in *MN*
1984 Convention Exhibitor

The SP/DP (Standard Paper Distribution Package) utilizes the Qantel computer system which is field upgradeable. The software was developed by paper merchants for paper merchants. The operating system and applications software are totally compatible with the full line of Qantel hardware.

Voice Computer Technologies Corp.
5730 Oakbrook Pkwy. (Suite 175)
Norcross, GA 30093
404-441-2303
Contact: Bill L. Hutchison

Computerization Conference Exhibitor
1984 Convention Exhibitor

The VCT SERIES 2000™—interfaced to your computer or equipped as a stand-alone device, accepts and voice-verifies orders placed by customers and sales reps via any Touch Tone phone, eliminating the need for expensive terminals and hand-helds. And because adding and deleting speech is so easy, this hardware/software complete system can convey current information to customers and field sales, such as promotional messages and management directives—24 hours a day, 7 days a week.


ackage.
ducing another.
ally. A complete software
ystem* designed *just* for the large
paper distributor. It's so perfect
that adding anything more would
be like adding another egg to an
even dozen. In fact, if any similar
system has a feature we don't,
we'll add what's missing. Free.
Excalibur is the exceptional
software behind this exceptional
guarantee. Combined with Wang
Laboratories' high-powered VS
computer series, Excalibur
provides the business solution
you'll never outgrow.
Cut out this ad, clip it to your
letterhead, and send it to Cathy
Hoerle, Structured Computer
Systems Inc.,** 17 Talcott Notch
d., Farmington, CT 06032.
3-677-0222.
EXCALIBUR
WANG
**A Registered Wang Vendor.

*Fully Interactive. Multiple Order Types. On-Line Credit Check. Automatic Bracket Pricing. Pricing from History. Customer Contacts/Deals. Universal Units of Measure. Flexible Order Comments. Multi-Warehousing. Inter-Branch Transfers. Automatic Route Assignment. Integrated Financials.

PAR - GET INVOLVED IN 1985

PAR (Performance Analysis Report) has long been the cornerstone of the National Paper Trade Association's research and statistics program. According to Association records, the first annual PAR survey was conducted in 1936 (for calendar year 1935 operations) and has been jointly performed by NPTA and various auditors/consultants every year since then.

Back on February 18, 1936 a presentation was given by R.M. Beckwith at the NPTA convention. The predecessor to today's *Paper Merchant Performance* in that year was titled: "Strictly Business." In that year, industry sales were estimated at $302 million, warehouse gross margins were 28.4% and the average warehouse order size was $14.25 for a fine paper merchant.

Mr. Beckwith apparently was less than satisfied with the response of the membership, evidenced by this quote...

"But imagine for a moment the annual report of the U.S. Steel Corp., for example, being given with only 29.7% of the reports of the divisions of that company in the hands of the auditor. That, I am sorry to say, is the percentage of the membership of the Association who have returned their reports in time for classification."

Thankfully, the membership has become more enthusiastic in their appreciation of PAR, and participation is much higher today. However, there is always room for improvement. We would like to have 100% participation!

On a more current note, from 1965-1976 Price Waterhouse processed the PAR questionnaires for NPTA. The present consulting firm, Management Foresight Inc. had been retained as the financial expert in 1977. Since then, the sales volume represented by PAR participants has nearly doubled from $3.76 billion.

As one can readily see, there has been a significant increase in the share of total sales represented by printing and industrial paper merchants in recent years, and much less from dual merchants.

Industry Financial Analysis — PAR - will celebrate 50th anniversary next year.

To give those members who have not participated in PAR as yet, and new members who missed the 1984 PAR season, a rundown of the activities that will take place, here is an overview:

1. PAR questionnaire (with confidential ID number) and related materials sent to NPTA members: *1st week of January*
2. Members complete questionnaires and send to Management Foresight Inc., Columbus, OH: *No later than April 1*
3. MFI runs database, calculates financial ratios: *mid-May*
4. First PAR reports sent to NPTA members by MFI: *1st week of June*
5. MFI sends "Industry Performance Surveys" (detailed PAR industry averages) to NPTA: *3rd week of June*
6. All remaining PAR reports sent to NPTA members by MFI: *late June*
7. Preliminary Performance Report appears in *Management News: early July*
8. NPTA updates *Paper Merchant Performance* and sends it free to all NPTA members: *mid-July*

	Total Sales Represented by PAR Survey Participants	Percent of Sales by Merchant Type		
		Printing	Industrial	Dual
1977	$3.76 billion	26.2%	11.5%	62.3%
1978	4.76	30.8	11.1	58.1
1979	5.92	33.8	12.3	53.9
1980	6.05	44.1	12.1	43.8
1981	5.73	43.2	13.2	43.6
1982	6.20	50.2	18.5	31.3
1983	6.87	51.1	19.2	29.7

Between the first week of January when the questionnaires are mailed and the filing deadline of April 1, the NPTA director of research is available to answer any questions concerning completion of the survey form, cost and types of reports, and all other details. Members may also call MFI directly. The director of research will be communicating closely with participants to make sure they received the initial mailing, and to expedite their orders and deal with any special circumstances.

Members' efforts to fill out and send in the PAR questionnaires are rewarded with many available products and services. All members who participate receive the following FREE OF CHARGE:

- Standard (1-year) customized PAR Report for a firm's operation. This includes one corporate consolidated report and one free branch or division report for each NPTA region in which the company operates. $150 value per report.
- PAR Users Manual
- "How to Use PAR" audio cassette (new for 1984)
- One copy of *Paper Merchant Performance* to each company headquarters and branch manager. $125 value.
- Ongoing access to detailed PAR statistics (industry averages by company sales volume, region, profitability group, etc.) from the director of research.

To supplement PAR, MFI works with NPTA to create and sponsor various seminars on financial management (such as "Profit Improvement Day"). Private consultations by Dr. Peter Mullins or Dr. Ron Foster can also be arranged for one-on-one sessions.

Here is what the Research & Statistics Department will be doing this year to improve the program:

- Streamline the PAR questionnaire and report wherever needed.

(continued on p. 24)

STANDARD PAPER

SP/DP™ DISTRIBUTOR PACKAGE

ROBERT PENNA
GENERAL MANAGER
OF ARROW PAPER
SOMERVILLE, MA

ARCHY PENNA
OWNER
OF ARROW PAPER
SOMERVILLE, MA

CAN TWO GENERATIONS AGREE ON A COMPUTER?

I CARE HOW IT WORKS. It allows me to watch the pricing on ten salesmen. By monitoring price changes and pinpointing shaky pricing levels before invoicing, we have increased our GTM by several percentage points. We get our bills out faster, and close the month on time. Inventory forecasting helps me buy better, turn the inventory faster, and keep slow-moving items to a minimum. All without any in-house programmers or specially trained people.

I DON'T MUCH CARE HOW IT WORKS. I care about what it does. It has given us the tool we never had to control accounts receivable and contain inventory. Three months after we got the Qantel with the Standard Paper package we were out of the bank (for the first time ever), and since then have improved our cash flow by hundreds of thousands of dollars. Any owner can appreciate what that means, especially these days.

THE BOTTOM LINE?

As Robert puts it, "We paid for our Qantel system in less than 12 months with improved profits and efficiencies." With results like that it's easy to see how QANTEL is helping to bridge the generation gap.

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PCs: WINDS OF CHANGE

Micro computers in the paper distributor's office— has the time arrived to buy one for your business? Part I

You can't read the *Wall Street Journal* without a double page ad for a desktop computer jumping out at you. Open an airline magazine on any flight and you'll see at least one article on personal computing. Even *Time* magazine declared the "Man-of-the-Year" in 1982 to be the microcomputer.

Like a tornado, the winds of micro-computing—sometimes called desktop or personal business computing—came upon us with little warning in the early 1980s. What hit us was an information processing capability that was small in both size and price but big in potential impact on management decision-making.

The microcomputer tornado lifted computing out of the air-conditioned, cable-laden computer rooms in the basement into our own air-conditioned offices on the management floor. We now read about "end user" computing as opposed to "dp" computing—about "spreadsheet" or "database management systems" as opposed to "receivables systems" or "inventory systems" or "payroll systems"—and about "management support systems" as opposed to "transaction processing systems." The winds of computer are changing—they're blowing in a new direction—toward improving decision making and management productivity. They're blowing in your direction.

If you're a middle or top manager or staff analyst in even a small paper house, the new winds of microcomputing are blowing hard and fast in your direction. In fact, the winds are so strong that you may see them as a threat rather than an opportunity and so fast that you may feel it's too late or that you've been passed by.

Even if you're eager to try a microcomputer, a whole series of questions arise in addition to the one raised in the sub-title of this article: "What machine should I buy?", "What software do I need?", or even more fundamentally, "What can I do with it?".

The microcomputer storm has left many managers confused, especially in small and mid-sized companies where staffs are small and managers don't have time to research the answers to these questions.

If you're one of those managers who feels you're in the midst of a storm of confusion, this article should answer some of your questions. It will address in detail what I consider to be the *fundamental question* for any manager in the paper distribution business: "What applications are there for microcomputers in my company or area of management responsibility?"

The other questions of "what machine" and "what software" will have to be left for another time or place but, as I will point our later, even the answer to these two questions is determined by the applications you identify in your business.

Why A Microcomputer?

A microcomputer offers managers the capability of *making better informed* decisions and, as you will see with "what if" strategic planning applications, *improving business judgement*. This capability is available at low hardware and software prices although the cost in learning time can be high, at least initially.

It goes without saying that better information and a better understanding of the critical success factors in the paper distribution business can give your company a competitive advantage. It can't be said yet that microcomputers are *essential* to managing a paper distribution business but managers who understand and use these tools can acquire a competitive advantage by making better informed decisions. Moreover, managers who are able to use microcomputers to assist in making day-to-day decisions will be on the inside track, if and when as predicted, microcomputers take-on the role as "intelligent expert advisors."

Small and medium sized businesses—typical of the paper distribution industry—have the traditional advantage of close customer knowledge, emphasis on service, in-depth product knowledge, and other marks of personal involvement with both customers and products. The microcomputer provides an information and decision-making tool to continue that tradition and it does so at price and time-cost that is within the reach of even a small paper house. This is not the early days of mainframe computing that were accessible only to large companies because of high dollar costs and expert knowledge required; we're talking about a $4000 to $6000 outlay and a reasonable "investment" in learning time by an "end user"—in this case a manager or staff person.

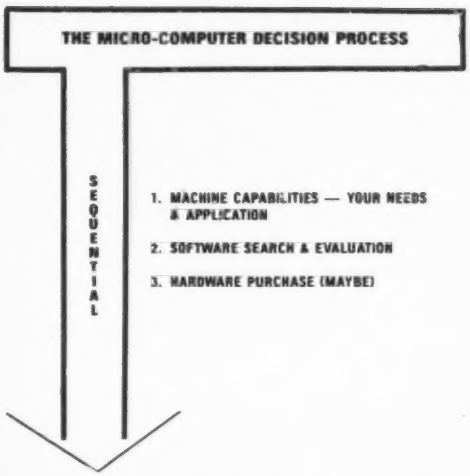
The answer to the question raised in the sub-title of this article—"Has the time arrived to buy a microcomputer for your business?"—may not be "yes" for you, but the time has definitely arrived to investigate and educate yourself on the possibility of incorporating one into your decision-making tasks.

What To Do First

Figure 1 shows you the steps and, more importantly, the *sequence* of steps to follow in making the decision to buy a microcomputer.

By Dr. Roger K. Harvey,
Value, Inc.

FIGURE 1


THE MICRO-COMPUTER DECISION PROCESS
SEQUENTIAL
1. MACHINE CAPABILITIES — YOUR NEEDS & APPLICATION
2. SOFTWARE SEARCH & EVALUATION
3. HARDWARE PURCHASE (MAYBE)

The first step involves defining a problem and need of an informational or decision-making nature: a problem that takes up a significant chunk of your time, a problem that drives costs in your business, a problem that inhibits your profitability—in short, a problem that when solved will justify the time and effort you or your staff invested in learning and implementing a microcomputer solution.

The sequence of the process in Figure 1 is so important that I've developed what I call the First Law of Personal Business Computing and related Corollaries to accompany it:

LAW #1

When making the personal computer decision, take one step at a time and always start with Step #1 (Figure 1)—identify a problem or a need looking for a $4000 or $6000 solution.

COROLLARY #1

If you go through the personal computer decision backwards, you'll end up with an expensive solution looking for a problem.

COROLLARY #2

Software drives hardware. An application drives them both. Without at least one "sure winner—bread & butter" application, there's nothing to drive the software and hardware decision.

COROLLARY #3

Forget you're looking for a personal computer and look at your business, your problems, and your management style.

One of the assumptions of Step 1 is that you have some understanding of the capabilities of a microcomputer. It is difficult to identify a problem, need, or application if you don't have at least a fundamental understanding of the capabilities of the tool you're evaluating.

The type of microcomputer knowledge you need *isn't* at the bits and bytes level but rather at the general capabilities level. Your knowledge doesn't even have to be specific to computing in the paper distribution business. The microcomputer knowledge you need is "what" the machine is capable of doing with data and text—not "how" it does it.

You can gain the background you need to identify applications in your business through an evening or weekend adult education course at your local college or high school. If no such courses are available through the school systems, most of the retail computer stores offer low-cost introductory computer courses.

A prerequisite for any course is hands-on learning; the general capabilities of a microcomputer can only be recognized and applied to your business by doing basic computing—not by hearing and not by reading about it. No matter where you take an introductory computer course, be certain that it includes "hands-on" experience.

Recognizing that the first and most important step in the microcomputer decision process is identification of "sure winner" applications, the remainder of this article will develop a framework for understanding microcomputer-decision support applications in your business. Choosing the right applications, especially your first application, is so important to the successful use of end-user microcomputing that I've developed a Second Law of Personal Computing to cover applications selection:

LAW #2

Personal business computing is NOT like investing in stock and bonds—higher risk doesn't mean higher returns—go for low risk, high return applications—at least initially.

COROLLARY #1

HIGH RETURN applications should have (1) a high ratio of thinking to typing, (2) relatively small amounts of data, and (3) an opportunity to make non-routine judgments while you use the computer.

COROLLARY #2

HIGH RETURN management support applications are frequently based on non-accounting data: Marketing Data (e.g. customer profiles, telemarketing reports, salesperson call data); Operations Exception Data (e.g. stockouts, backorders, partials, best order size, delivery times); Financial Data (e.g. forecasts of financial data).

COROLLARY #3

HIGH RETURN applications often relate to unstructured decisions—non-routine, problem searching, and data analysis that follow individual management styles rather than prescribed dp formats.

COROLLARY #4

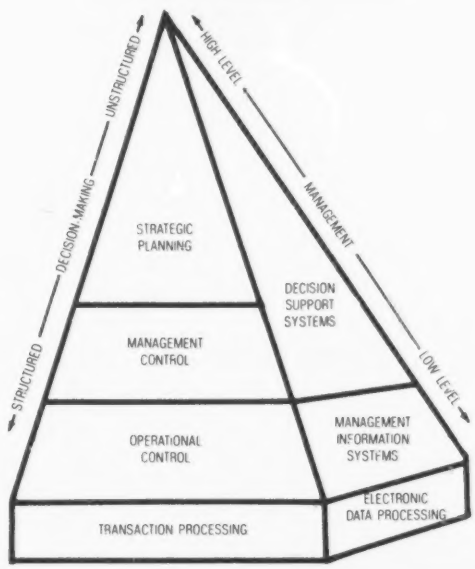
Today, HIGH RISK applications include those that require direct linking of your company's mini or mainframe computer to your personal computer for data downloading. Linking your personal computer requires special hardware and software at both ends of the link and support from your dp person or outside systems house.

Application Framework

Figure 2 shows the types of decisions required of managers in a typical paper distribution business; microcomputer applications fall within the segments of the Decision Support System Pyramid. We will explore each segment of the pyramid for applications in a paper distribution business by starting at the base and working our way to the top.

FIGURE 2

THE DECISION SUPPORT SYSTEM AS A PYRAMID



Data Processing Applications

The base of the pyramid and the base a distributor's information system is built on transactions—invoice lines, vendors invoices, commission payments, inventory withdrawals or additions, payroll checks, etc. As indicated on the right-side of the pyramid, transactions processing is part of the traditional Electronic Data Processing (EDP) function.

This EDP function is performed on a mini or mainframe computer by most medium and large size paper merchants. For small paper merchants who perform these traditional accounting functions manually, the microcomputer offers a low-cost alternative. This alternative will not be discussed here because transaction processing isn't a management function—it's a data processing function. Our concern here is using the microcomputer to directly support decision-making.

One warning to smaller paper merchants considering a microcomputer to replace their manual system: the computer power and memory exists for most small accounting systems—the software can usually be adapted to your system or vice versa—but be sure to ask "where's the support." Hardware and software prices for microcomputer accounting applications are often kept low by offering little or no support.

Operational Control Applications

Built on top of the transaction processing system is a paper distributor's "Operational Control" system. The Operational Control system is composed of structured, almost automatic, decisions and procedures that keep a company's day-to-day operations under control. In the paper distribution business such structured decisions include inventory reorder points and quantities, credit limits and automatic reminder letters, assigning delivery days and routes, and creditor payment schedules—to mention only a few of the many such decisions that are automatically made every day.

Again, as can be seen on the right side of the pyramid in Figure 2, many of these decisions are supported by the paper merchant's Management Information System (MIS). For example, inventory status reports are routinely generated as part of an MIS to support order point and order size decisions by purchasing people. These decisions are automatically done by the computer in other paper houses but it's still part of their MIS.

MIS functions are typically carried-out on the paper merchant's mini or mainframe computer although the so-called "management information" often comes in stacks of computer paper rather than as "exception reports." Nevertheless, this is where potential microcomputer applications

begin to appear for paper houses, even for those that already have mini or mainframe computers. Many of these applications are not available through their existing equipment.

These applications are known as "vertical market" applications. Vertical market applications are those that require computer software that is specific to the operation of a particular business. Examples of vertical application software include information systems for lawyers, accounting systems for doctors or dentists, or financial analysis systems for real estate investment companies.

The market is limited and specific so the software usually runs only on microcomputers, is custom tailored to a specific industry or user group, and is written by an industry consultant or practitioner.

Vertical applications in the paper distribution could include software that helps optimize warehouse layout, generate bids and materials requirements for customer jobs, route and schedule delivery trucks, or perform computer-to-computer order entry to vendors over long-line data communication systems. Such applications generally involve operational decisions specific to your business and will relieve you of long and repetitive calculations or provide you with quantitative information for operational decisions that are traditionally qualitative or "seat-of-the-pants."

Vertical software for microcomputers is usually last to come on the market relative to accounting software or the management control and planning software that we'll discuss below. The reason is the limited market size and customized nature of the software. As software packages are developed for the paper distribution industry or distribution in general, they will be advertised first in the trade publications for paper distribution such as *Management News*. Usually, their appearance in the marketplace is followed by an evaluation in the trade press.

Editor's Note: Part II of this article will appear in the January, 1985 issue of *Management News*. It will review management control applications and strategic planning applications suitable for microcomputers.

Dr. Roger K. Harvey is Associate Professor of Finance, The Ohio State University, and is also president of his own consulting firm, Value, Inc. Dr. Harvey engages in financial planning consulting and the valuation closely-held corporations.

EDI TAKES A NEW TURN

Picture this: as a company's stock of copy paper, film, or disposable cups dwindle, a computer generates an order at a pre-determined re-order point. Instead of printing out the order form, however, the computer sends an electronic order message to a computer at the supplier's headquarters. The order is acknowledged electronically and shipped.

When the shipment is unloaded on the merchant's dock, a warehouse worker runs a wand over a symbol printed on the carton. The symbol tells his computer how many products are in the carton and the inventory record in the merchant's computer is updated. When the material is shipped to the merchant's customer, the procedure repeats. That is Electronic Data Interchange (EDI).

Sound impossible? It isn't! Such procedures are repeated thousands of times every day for business transactions in several different commodity lines. It has also begun to happen in the paper distribution business, and this trend will certainly increase.

The automotive, industrial, hardware and drug industries, in addition to electrical, food/grocery, and office products/stationery industries have all developed systems for electronic interchange of order and shipment information between suppliers, customers and wholesalers. All of the industries with these systems in place are reporting increased productivity.

In the paper distribution industry, a few suppliers like Boise Cascade, Crown Zellerbach, Hammermill and S.D. Warren have launched experimental programs to hook them up with their merchant customers. Several other suppliers are about to launch similar pilot programs and many others are beginning to study these possibilities with interest.

As many industries begin to implement these new procedures, there will be a greater need for knowledge about their work. Systems must be as compatible as possible among different industries and among the various sectors of the same industry. There are several groups beginning to work on coordinating and communicating between interested parties: The American Paper Institute (API), the Graphic Communications Association (GCA), the National Paper Trade Association (NPTA), Printing Industries of America (PIA), and others are all working within the paper industry to develop a broad-based set of voluntary guidelines for electronic data interchange among suppliers, merchants and customers.

In March 1984, a joint supplier/merchant task force was created. The members of this group are:

Merchants

Alling & Cory, Rochester, NY.
Gordon Snyder
Blake, Moffitt & Towne, Brisbane, CA.
Charles Workman
Butler Paper Co., Englewood, Co.
Dave Wessling
Cincinnati Cordage, Cincinnati, OH.
Paul Ruffing
Leslie Paper Co., Minneapolis, MN.
Howard Hanson
Mead Merchants, Dayton, OH.
Eugene Hannahs
Unisource Corp., Valley Forge, PA.
Richard G. Burton

Mills

American Paper Inst., New York, NY.
James Hutchison
Boise Cascade Co., Portland, OR.
Graham Covington
Champion International, Hamilton, OH.
John Grover, Stephen Mowry
Crown Zellerbach Corp., New York, NY.
Bruce Crouser, Stu Hoar
Dixie Marathon, Norwalk, CT.
Douglas Van Esselstyn
Georgia-Pacific, Darien, CT.
Fred Vermillion, Robert Moeller
Hammermill Papers, Erie, PA.
William Sellers
Mead Corp., Dayton, OH.
John Suchiu
3M Company, St. Paul, MN.
Dennis Kaetterhenry
Nekoosa Papers, Port Edwards, WI.
Robert Hunn
Scott Paper, Philadelphia, PA.
Steve Finnerty
Stone Container Co., Chicago, IL.
John Lenzini
Westvaco, New York, NY.
Baba Vichare

THE TRAINER'S LAMENT

A trainer conducts a dynamite course and sends trainees back to their jobs brimming with new ideas and skills. Think the trainer's job is over? It's just begun. If these techniques are added to the training repertoire, training entropy can be prevented.

One of the trainer's most vexing problems is getting trainees to transfer what they learn in a training session back to the job. Most trainers are confident in their ability to teach skills, but few can *guarantee* that these skills will be used when trainees leave the protected classroom environment and go back on the job.

But perhaps the strongest factor that works against change is simply that new learning takes time to integrate into existing behavior repertoires. Few employees are willing to make this extra effort unless there are some pretty obvious payoffs. Trainers are rarely in a position to offer tangible incentives for using new skills on the job.

However, the situation is not hopeless. Even without control over incentives, trainers can make application of skills on the job easier, provide motivational mechanisms and develop support systems for employees. The responsibility of trainers does not end when trainees leave the classroom; that's actually only where it begins!

Whether one is a full-time trainer or sales manager responsible for the training function, the following techniques are worth a try:

1. *Personal action planning* is one of the most widely used methods to increase the likelihood of on the job follow-through. During the course, individual trainees complete an "action plan" that identifies the steps they plan to take to apply the new skills when they return to the job.

As a result, trainees make a commitment to action, especially if they publicize their commitment by sharing their plans with others. Ask participants to complete part of their action plans after each segment of the course; then, at the end of the course, ask trainees to review and prioritize their action plan steps.

2. *Group action planning* follows the same format as personal action planning. Try to form groups of trainees who will either be working together or will have access to each other on the job. This technique develops the same kind of commitment as personal action planning, but also provides a support system for trainees when they return to the job.

3. *The buddy system* pairs program participants so that they can learn together and support one another back on the job. Since lack of support on the job is a major problem, train at least two people from each department at the same time. That way some close interaction will exist after the training program ends.

When the "buddy system" is used along with small-group activities (involving people from other departments), one gets the best of both worlds; trainees develop support systems and interact with people from other job categories.

4. *Performance aids* provide a meaningful transition from fully guided learning to independent skill application. Performance aids can include checklists, decision tables, charts and diagrams. These give trainees a better chance to use new skills since they provide the minimum guidance that is usually necessary in the early stages of on-the-job application.

5. *Recognition systems* reinforce the value of new skill applications. Although few trainers have much control over major incentives, they can design meaningful recognition systems. Trainers can give certificates, letters of merit, "performance points" and publish newsletters, to mention a few ideas. Recognition is a powerful incentive in a work environment that offers few other perks.

6. *Training trainees as trainers* takes the pressure off the training department, provides training in the performance environment; and motivates trainees to learn more since they will be asked to teach others. This approach in training is a particularly effective way to expand limited training resources, as well as increase the likelihood of application on the job.

7. *Ample resource access* is an important follow-up to training that makes the application of skills easier. Trainers must never assume that initial training will be enough. Follow-up resources can include a hot-line phone number for asking questions, audiocassettes that will serve as a refresher, summary sheets, trainer visits to the work place and other methods. Resource provisions in the work environment will enhance skill application and demonstrate a continuing commitment to trainee's welfare.

8. *Follow-up questionnaires* should be sent to participants after they have had a week or two to try out new skills. Evaluation questionnaires completed immediately after a course ends are almost always biased by gratitude, relief (that the course is over) and forgetfulness (about all the worst aspects of the course).

After all, it is only in application that any training course can be meaningfully evaluated. Additional information and "prodding" can be added to the questionnaire to increase the probability of application. It also shows trainees that the trainers cares and is still thinking of them. Follow-up materials should be sent to trainees on a regular basis (perhaps weekly) for the first month or two after a course.

9. *Follow-up contacts* such as telephone calls ("How are things going. . .?") or even personal visits serve the same purpose as a questionnaire, but do so more personally.

10. *Follow-up sessions* give participants an opportunity to come together again to share ideas and solve problems. These sessions invariably produce a positive response.

These methods will greatly enhance a trainer's effectiveness. It will certainly increase the likelihood that trainees will use their new skills. Program follow-up should not be viewed as an "optional extra." It is an essential part of any effective training course. A trainer must have an arsenal of techniques to avoid "training entropy" in the performance environment. The methods discussed in this article should provide just such an arsenal.

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IS YOUR COMPUTER GENERATING MORE DATA OR MORE PAPER?

True, you work in the paper business but managing the "paper monster" that slithers out of your computer each day is a big task. The Research Institute of America has some tips to help you tame the monster and still get the data you need: Don't let bureaucracy encourage paper accumulation—don't circulate every little thing, don't ask for a full report when a partial printout will do; Review report rationale—how many reports are just nice to have around, but not used?; Review the patterns of data circulation - printing out reports may not be the answer, data can be scanned on a CRT; Don't increase reporting frequency if it's really not needed; File one report—not everything has to go in the file cabinet; Classify info before it's stored—much of what you generate can be saved on disk; Centralize your data storage—don't duplicate what another department is already doing.

NEED HELP WITH GRAMMAR?

Everyone does from time to time. There are always thorny questions such as do I use "who or whom"? or how do I reel in a dangling participle? Well, cheer up. Managers have a service to turn to for quick assistance and the price is right - free.

There are 20 "grammar hotlines" listed in the 1984 Grammar Hotline Directory. It is available free from the Writing Center/Grammar Hotline, Tidewater Community College, 1700 College Crescent, Virginia Beach, VA 23464. Enclose a stamped, self-addressed envelope. Also, remember that there is no service during college breaks.

ARE MANAGERS WASTING THEIR TIME?

Sure, isn't everyone? A recent survey of 900 managers showed that only 2% said that all of the functions they performed were useful. 40% said that between 11% and 30% of their time was wasted on non-productive activities. Most frequently identified as worthless, in the **Psychology Today** *article that reported the survey results, were repetitive activities such as routine correspondence and making minor decisions.*

Of course, those functions must be performed if the company is to continue to function. The question is more specifically who should do them. Experts agree that if jobs can be delegated to a lower level employee, that should be done. Harold Taylor, in **The Time Management Report,** *states "don't spend high-cost time on low-value activities."*

1985 PAR PROGRAM

(continued from p. 16)

- Consideration of dividing Region #4 into smaller geographic areas more meaningful to participants in those states. Also the creation of a new Pacific Northwest region may be possible.
- Shorten the turn-around time to process PAR questionnaires and mail PAR reports to participants.
- Increase communications between NPTA and participating merchants, by phone and mail.
- Increase response rates in Regions #1 and #7 so that more detailed statistics in these areas can be generated.
- Run an incentive program for on-time filers meeting the April 1 deadline.

Apparently, many members are sticking with the program. Of all PAR reports ordered this year, 46% were 2 and 3 year "Trend PARs" that measure financial performance over time. Also, the Executive Summary (just introduced this year) was very well received and used by 62% of the participating firms.

Get involved in PAR and take full advantage of the benefits of membership. The Research & Statistics Department exists to help analyze member operations and make them more profitable.

NPTA TO INTRODUCE NEW QUARTERLY REPORT

Based upon very positive member response, NPTA has targeted the first quarter of 1985 for introduction of a new Quarterly Business Conditions Report. The report will contain ten financial measures related to sales, operating expenses, gross margins, inventory turnover, receivables, payables and average order size—by type merchant and regional and national averages. Data will be submitted by members on confidential reporting forms different from the "pink" form currently used for the monthly sales report. The report will be generated in-house at NPTA, as the Association computerizes its operations. Interested members should contact the director of research. Look for more details in the January issue of *MN*.

CHAIRMAN'S CORNER

COMPUTERIZING YOUR OPERATION

It's been more than 20 years since the first paper merchants took the plunge into computerization. It was an adventurous plunge back then requiring a great deal of faith and a great deal of nerve. We've come a long way since and further refinements develop continuously. If you've ever experienced a power failure and had the computer go down, you know first hand what an essential part of your operation the computer has become. Inventory control, sales analysis, accounts payable, accounts receivable, general ledger entries, ticket processing, everything we do is tied to our computer.

Twenty years ago, the cost of the hardware was the largest part of the expense in becoming computerized. That has stabilized over the years, and relatively speaking, has come down. The largest cost today is buying and developing software. I think we all have come to realize that hardware is available to do all the things we want it to do. The trick is to get the software that works for you the way you want it to work. Most merchants are constantly monitoring, modifying, and updating their systems. I know we are. We feel we have to if we are to keep up, be competitive, and succeed.

It has been said that we will "compete by computer." To a great extent, we're already doing that, and there's no turning back. Reading this issue of *Management News* certainly confirms this.

Frank J. Viegas

Frank J. Viegas, NPTA Chairman

EVENTS

DECEMBER

10-11. *Sales Development Conference, Colony Square Hotel, Atlanta, GA. Contact NPTA.*

25. Merry Christmas *from the staff at NPTA Headquarters, Great Neck, NY.*

JANUARY

18. *Productive Opportunities For Paper Merchants, Los Angeles, Marriott Hotel, Los Angeles, CA. Contact NPTA.*

25-27. *Tenth annual Graphics of the Americas Show, Miami Beach, FL. Contact Printing Industry of South Florida, Inc., 305-757-3334.*

28-31. *EXFOR '85, Pulp and Paper Equipment Show, Canada. Contact Canadian Pulp and Paper Association, 514-866-6621.*

OCTOBER, 1984

PAPER MERCHANT SALES REPORT

NPTA Regions	Sales Per Selling Day October 1984 - Compared To - October 1983	Sales Per Selling Day October 1984 - Compared To - September 1984‡	Sales Per Selling Day 1984 Year-to-Date - Compared To - 1983 Year-to-Date	Days Outstanding (Accounts and Notes) At Close of October 1983	1984	Calendar Days' Cost* of Ending September Inventory 1983	1984
INDUSTRIAL							
1	+ 3.5	- 0.8	- 8.9	43	43	–	–
2	+10.9	- 1.5	+14.3	35	36	47	50
3	+ 7.3	- 3.0	+16.2	35	36	61	59
4	+ 6.9	-12.1	+12.7	34	38	51	58
5	+ 7.1	- 6.7	+ 6.7	35	35	57	54
6	+ 5.3	- 4.3	+12.5	40	40	–	–
7	+ 6.1	- 3.7	- 3.8	36	41	–	50
NY Metro	+12.0	+ 3.1	- 2.9	43	47	–	–
Chicago Metro	- 0.6	- 7.1	- 2.3	42	35	44	–
LA Metro	+ 6.4	+ 5.6	+ 9.8	49	49	–	54
US	**+ 6.9**	**- 3.9**	**+ 7.3**	**38**	**39**	**53**	**54**
PRINTING							
1	+21.9	- 2.2	+33.3	51	51	–	–
2	+23.5	- 3.1	+24.2	46	45	54	60
3	+12.6	- 7.0	+25.7	44	43	73	72
4	+10.3	- 3.8	+17.8	44	39	65	65
5	+15.8	- 4.5	+21.7	43	44	–	73
6	+ 8.2	- 7.7	+10.0	38	41	–	–
7	+19.5	- 2.6	+16.7	41	42	72	66
NY Metro	+14.7	- 0.4	+33.3	43	41	–	–
Chicago Metro	+ 5.2	-14.7	+30.0	44	42	–	–
LA Metro	+18.3	- 0.4	+17.2	39	46	68	78
US	**+15.1**	**- 4.1**	**+22.7**	**43**	**44**	**67**	**69**

*To calculate monthly inventory turnover divide 365 calendar days by # of calendar days cost, e.g., 365/73 = 5.00x.

‡ **Note:** *Due to Labor Day, Jewish holidays, etc. in Sept. the average number of selling days reported was 18, versus 22 for Oct. Therefore, Oct. vs. Sept. percent changes were mostly negative since 20% more days were needed to generate Oct. sales volumes.*

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3: AL, FL, GA, NC, SC, TN & VA
Region 4: IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5: CO, IA, KS, MN, MT, NE, ND, SD, WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7: AR, LA, MS, OK & TX
NY Metro: NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro: Cities: Los Angeles, and San Diego. Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days
The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

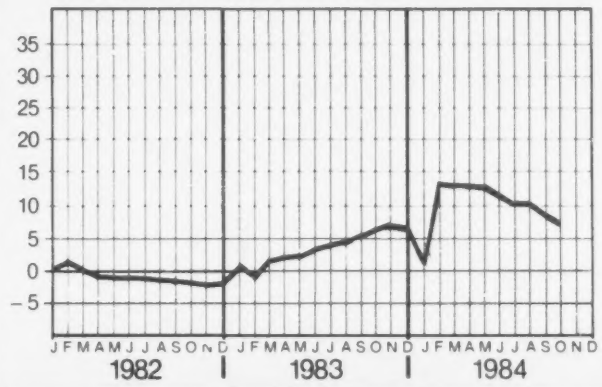
PAPER MERCHANT SALES REPORT

SUMMARY NATIONAL TREND INFORMATION: 1982 TO PRESENT

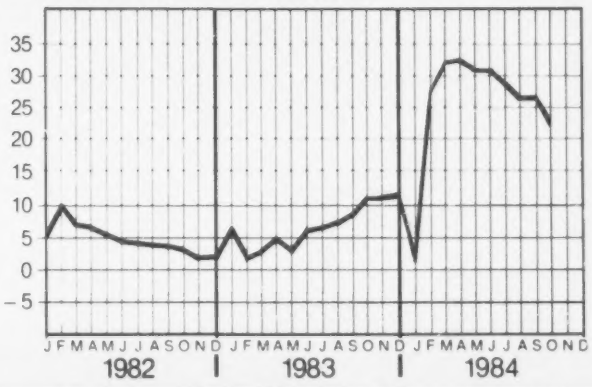
SALES INFORMATION

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY

INDUSTRIAL PAPER SALES NATIONALLY



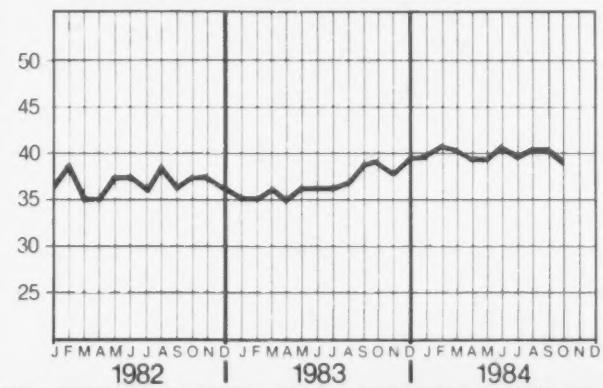
PRINTING PAPER SALES NATIONALLY



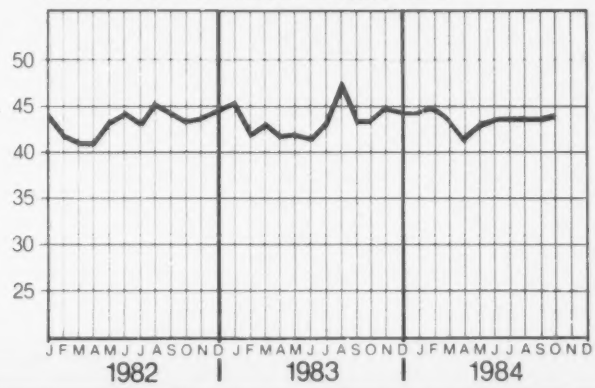
RECEIVABLES INFORMATION

DAYS OUTSTANDING—ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



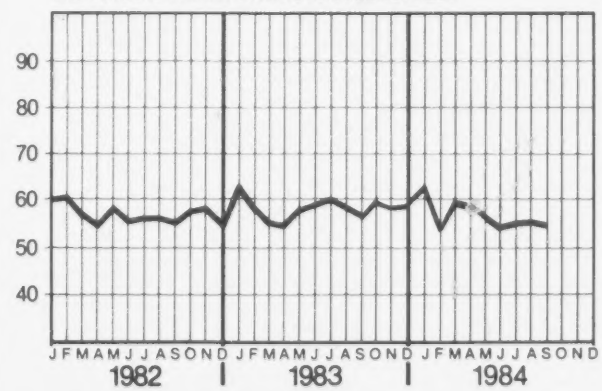
PRINTING PAPER RECEIVABLES NATIONALLY



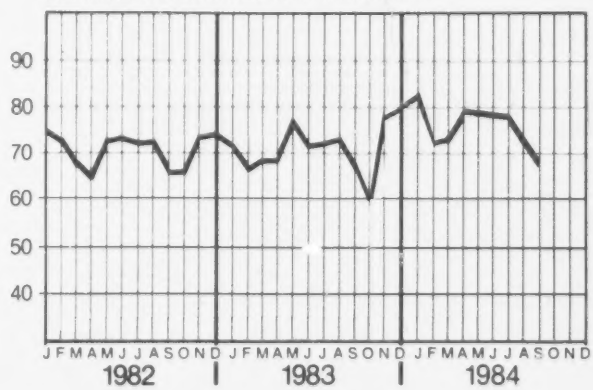
INVENTORY INFORMATION

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



More Paper Distributors Are Selecting Lockwood's APDsystem

AUTOMATED PAPER DISTRIBUTION

The most important consideration in buying a computer system is finding good software and a company with a proven track record to install and support it. The **Lockwood APDsystem** has been designed for the paper distribution business. This system provides you the tools for: improving inventory turns, better customer service, quicker AR collection, and proper utilization of discounts. You, too, can make it happen for your company with the following support functions.

A User's Group
With over 400 system installations, Lockwood systems users get together once a year to exchange ideas, look at new enhancements, and give input to future developments.

24 Hour Phone Service
Lockwood's service department is on call 24 hours each day to help you with problems, and can dial into your system for on the spot support if necessary.

Maintenance
Lockwood provides on-site maintenance to handle any problems, provide enhancements or upgrade your system.

Installation
Lockwood employs a top-flight team of installation specialists who will get your system up and running fast.

Education
Lockwood maintains ongoing training seminars to teach your employees to use the software, and the hardware.

Lockwood

APDsystem

AUTOMATED PAPER DISTRIBUTION

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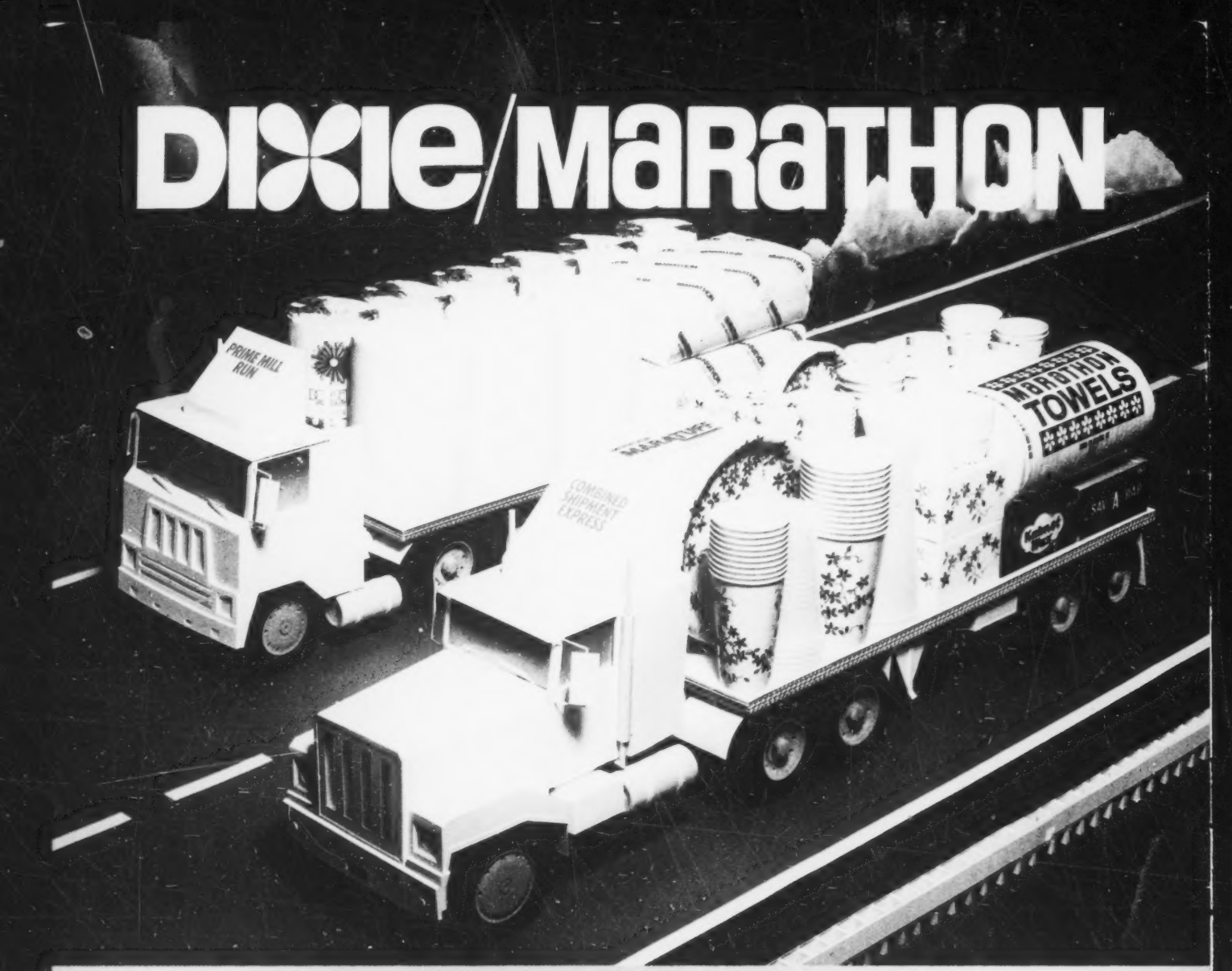
DIXIE/MARATHON



OUR FLEXIBLE SHIPPING SYSTEM DELIVERS MORE PROFIT.

With Dixie/Marathon, you can pick and choose the way you want product delivered. Whatever helps you turn your inventory most profitably.

Would a mixed order of foodservice and sanitary items give you faster turns? OK. We'll send it all at once from a combined shipment center.

Or maybe a large shipment, straight from the mill, would save you more.

Either way, we have a remarkable record for accurate, on-time delivery. And you have the industry's broadest line of disposables to choose from.

What you want, where you want it, all at once: Nobody works harder to help you turn your inventory more profitably. See your Dixie/Marathon representative for details.

JAMES RIVER CORPORATION
DIXIE/MARATHON™ PRODUCTS